



ROBINSON MCFADDEN
ATTORNEYS AND COUNSELORS AT LAW

ROBINSON, MCFADDEN & MOORE, P.C.

COLUMBIA, SOUTH CAROLINA

April 30, 2008

VIA ELECTRONIC FILING

Mr. Charles Terreni
Chief Clerk of the Commission
Public Service Commission of South Carolina
Synergy Business Park, Saluda Building
101 Executive Center Drive
Columbia, SC 29210

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**Re: Application of Duke Energy Carolinas, LLC for Approval of Decision
to Incur Nuclear Generation Pre-construction Costs
Docket No. 2007-440-E**

Dear Mr. Terreni:

Pursuant to Commission Order No. 2008-327 enclosed for filing please find Duke Energy Carolinas, LLC's First Supplemental Response to Friends of the Earth's first discovery requests. By copy of this letter we are serving the same on counsel for other parties of record.

Yours truly,

ROBINSON, MCFADDEN & MOORE, P.C.

Frank R. Ellerbe, III

FRE/bds
Enclosures

cc/enc: Kodwo Ghartey-Tagoe, VP Legal, State Regulation (via email)
Lawrence B. "Bo" Somers, Assistant General Counsel (via email)
Nanette Edwards, Esquire (via email & U.S. Mail)
C. Lessie Hammonds, Esquire (via email & U.S. Mail)
Scott A. Elliot, Esquire (via email & U.S. Mail)
Robert Guild, Esquire (via email & U.S. Mail)
John M. Bowen, Jr. Esquire (via email & U.S. Mail)

STATE OF SOUTH CAROLINA

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

In the Matter of

COVER SHEET

Application of Duke Energy Carolinas, LLC for
Approval of Decision to Incur
Nuclear Generation Pre-Construction CostsDOCKET
NUMBER: 2007-440-E

(Please type or print)

Submitted by: Frank R. Ellerbe, IIISC Bar Number: 1866Address: Robinson, McFadden & Moore, P.C.
P.O. Box 944
Columbia, SC 29202Telephone: (803) 779-8900Fax: (803) 252-0724

Other: _____

Email: fellerbe@robinsonlaw.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input checked="" type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/>	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2007-440-E

In Re:)	
)	
Application of Duke Energy Carolinas, LLC)	DUKE ENERGY
For Approval of Decision to Incur Nuclear)	CAROLINAS, LLC'S FIRST
Generation Pre-Construction Costs)	SUPPLEMENTAL RESPONSE
)	TO FRIENDS OF THE
)	EARTH'S FIRST
)	DISCOVERY REQUESTS

Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or the "Company") supplements its initial response to Friends of the Earth's ("FOE") First Discovery Requests pursuant to 26 S.C. Regs. 103-833 and Order No. 2008-327 of the Public Service Commission of South Carolina ("Commission").

REQUEST NO. 9 All documents related to the withdrawal from joint or shared ownership by Southern Company or other entities in the proposed plant.

RESPONSE: In Order No. 2008-327 the Commission ordered Duke Energy Carolinas to produce the Withdrawal Agreement between Duke Energy Carolinas and Southern Company. Pursuant to the Order attached is the Withdrawal Agreement with attached schedule 1(a) numbered DUKE000349 through DUKE000361.

This the 30th day of April, 2008.

Robinson, McFadden & Moore, P.C.



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Columbia, South Carolina 29202
Telephone (803) 779-8900
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bshealy@robinsonlaw.com

and

Lawrence B. Somers, Associate General Counsel
Duke Energy Corporation
Post Office Box 1006
Charlotte, North Carolina 28201-1006
Telephone: 704-382-8142

Attorneys for Duke Energy Carolinas, LLC

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2007-440-E**

In the Matter of

Application of Duke Energy Carolinas, LLC
for Approval of Decision to Incur Nuclear
Generation Pre-Construction Costs For the
Lee Nuclear Station in Cherokee County

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)
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CERTIFICATE OF SERVICE


This is to certify that I, Leslie Allen with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the person(s) named below the **Duke Energy Carolinas, LLC's First Supplemental Response Pursuant to Order 2008-327** in the foregoing matter by causing a copy of same to be placed in the United States Mail, postage prepaid, in an envelope addressed as follows:

Nanette S. Edwards, Esquire
C. Lessie Hammonds, Esquire
Office of Regulatory Staff
P.O. Box 11236
Columbia, SC 29211

Scott A. Elliott, Esquire
SC Energy Users Committee
Elliott & Elliott, PA
721 Olive Avenue
Columbia, SC 29205

Robert Guild, Esquire
Friends of the Earth
314 Pall Mall
Columbia, SC 29201

Dated at Columbia, South Carolina this 30th day of April, 2008.



Leslie Allen

WITHDRAWAL AGREEMENT

This Withdrawal Agreement ("Agreement") is made, entered into and effective the 17th day of May, 2007 ("Effective Date") by and between Duke Energy Carolinas, LLC, a North Carolina limited liability company ("*Duke Carolinas*") and Cherokee Falls Development of South Carolina LLC, a Delaware limited liability company ("*Southern Owner*") (each, individually a "*Party*," and collectively, the "*Parties*"). Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in that certain Project Development Agreement by and between the Parties dated as of March 16, 2006 (the "*PDA*").

R E C I T A L S:

A. The PDA sets forth the terms and conditions for the ownership, development and operation of a nuclear-fueled electric generation facility in Cherokee County, South Carolina, which facility is referred to in the PDA as the Cherokee Facility;

B. Pursuant to the PDA, Southern Owner and Duke Carolinas jointly own the Cherokee Facility, and certain costs related to the Development of the Cherokee Facility have been allocated to and paid by Southern Owner and Duke Carolinas;

C. On April 11, 2007, Southern Owner delivered to Duke Carolinas a written withdrawal notice under Section 3.6(a)(i) of the PDA, informing Duke Carolinas that Southern Owner is withdrawing from the further Development of the Cherokee Facility;

D. On May 10, 2007, pursuant to Section 3.6(a)(i) of the PDA, Duke Carolinas informed Southern Owner that Duke Carolinas will continue the Development of the Cherokee Facility;

E. As a consequence of Southern Owner's withdrawal from further Development of the Cherokee Facility and Duke Carolinas' intent to continue the Development of the Cherokee Facility, pursuant to Section 3.6(a)(ii) of the PDA, Duke Carolinas is required to buy from Southern Owner, and Southern Owner is required to sell to Duke Carolinas, all of Southern Owner's Cherokee Interest; and

F. Duke Carolinas and Southern Owner desire to enter into this Withdrawal Agreement in order to consummate Southern Owner's withdrawal from the further Development of the Cherokee Facility and Duke Carolinas' purchase of Southern Owner's Cherokee Interest, all in accordance with Section 3.6(a)(ii) of the PDA.

NOW, THEREFORE, in consideration of their mutual promises and other good and valuable consideration (the adequacy of which is hereby acknowledged), the Parties agree as follows:

1. Conveyance of Southern Owner's Cherokee Interest. The Parties acknowledge and agree that immediately prior to the execution of this Agreement, pursuant to the PDA, Southern Owner's Cherokee Interest consists of: (i) Southern Owner's undivided interest in the Cherokee Site; (ii) Southern Owner's rights and obligations under the PDA; and (iii) Southern Owner's rights and obligations under the insurance policies referenced in Section 3.15 of the

PDA (the "*Insurance Policies*"). Therefore, Southern Owner's Cherokee Interest is hereby conveyed to Duke Carolinas in the manner set forth in (a) through (c) below:

(a) Conveyance of the Cherokee Site. Contemporaneous with the Parties' execution and delivery of this Withdrawal Agreement, (i) Southern Owner shall convey to Duke Carolinas all of Southern Owner's undivided interest in the Cherokee Site by deeds that are substantially in the form of the Title to Real Estate (Special Warranty) and the Title to Real Estate (Quitclaim) attached hereto as Schedule 1(a), (ii) Southern Owner and Duke Carolinas shall execute and deliver to one another such additional certificates and documents as are normally and customarily executed and delivered in connection with closings of commercial real estate transactions similar to the transaction contemplated by this Section 1(a), and (iii) except for Southern Owner's and Duke Carolinas' respective attorney's fees, Duke Carolinas and Southern Owner shall each pay 50% of any and all closing costs, fees and/or taxes, including any and all transfer and/or deed taxes associated with the conveyance of Southern Owner's interest in the Cherokee Site as set forth in this Section 1(a).

(b) Assignment and Assumption of the PDA.

(i) Subject to Sections 1(b)(iii), 1(b)(iv) and 1(b)(v), Southern Owner does hereby sell, transfer, convey and assign to Duke Carolinas all of the rights, obligations and liabilities (except for obligations and liabilities related to any breaches of the PDA by Southern Owner prior to the Effective Date) of Southern Owner accrued or incurred under the PDA on or after the Effective Date.

(ii) Subject to Sections 1(b)(iii), 1(b)(iv) and 1(b)(v), Duke Carolinas does hereby purchase, acquire, assume, acknowledge and accept all of the rights, obligations and liabilities (except for obligations and liabilities related to any breaches of the PDA by Southern Owner prior to the Effective Date) of Southern Owner accrued or incurred under the PDA on or after the Effective Date.

(iii) Notwithstanding the foregoing assignment and assumption, the Parties expressly agree and acknowledge that, (A) each Southern Owner Indemnatee shall retain and have all rights under Sections 3.13(c) and 3.13(e) of the PDA with respect to any events, facts, or circumstances occurring prior to the Effective Date, and (B) each Duke Carolinas Indemnatee shall retain and have all rights under Section 3.13(f) of the PDA with respect to any events, facts or circumstances occurring prior to the Effective Date.

(iv) Notwithstanding the foregoing assignment and assumption, Duke Carolinas and Southern Owner expressly agree and acknowledge that Section 2.2 of the PDA shall remain in full force and effect until such time that the litigation between Duke Carolinas and Mark V Land & Development, LLC ("Mark V") that is referenced by such provision is fully resolved.

DUKE000350

(v) No amendment, modification or termination of any provision of the PDA on or after the Effective Date shall be effective with respect to Southern Owner except as expressly agreed in writing by Southern Owner.

(c) Assignment and Assumption of the Insurance Policies.

(i) Subject to Section 1(c)(iii), Southern Owner does hereby sell, transfer, convey and assign to Duke Carolinas all of the rights, obligations and liabilities (except for obligations and liabilities related to any breaches of the PDA by Southern Owner prior to the Effective Date) of Southern Owner accrued or incurred under the Insurance Policies on or after the Effective Date.

(ii) Subject to Section 1(c)(iii), Duke Carolinas does hereby purchase, acquire, assume, acknowledge and accept all of the rights, obligations and liabilities (except for obligations and liabilities related to any breaches of the PDA by Southern Owner prior to the Effective Date) of Southern Owner accrued or incurred under the Insurance Policies on or after the Effective Date.

(iii) Notwithstanding the foregoing assignment and assumption, the Parties expressly agree and acknowledge that Southern Owner shall retain and have all rights under the Insurance Policies (including the right to recover monetary amounts pursuant to such policies) with respect to any events, facts, or circumstances occurring prior to the Effective Date.

2. Reimbursement of Site Remediation Costs. Pursuant to certain contractual arrangements between Southern Owner and Mark V, Southern Owner agrees to use commercially reasonable efforts to seek reimbursement from Mark V for costs incurred by the Parties for certain site remediation work performed at the Cherokee Site prior to the Effective Date of this Agreement and that are subject to reimbursement under such contractual arrangements; provided, however, that Southern Owner shall not be required to pursue the reimbursement of such amounts through any dispute resolution process, including (but not limited to) mediation, arbitration and/or litigation proceedings. Southern Owner agrees that any money that Southern Owner receives from Mark V as reimbursement for such costs shall in turn be paid by Southern Owner to Duke Carolinas.

3. Payment to Southern Owner.

(a) Payment Amount. On the Effective Date, pursuant to Section 3.6(a)(ii) of the PDA, Duke Carolinas shall pay to Southern Owner the aggregate amount of \$20,146,883.77 ("**Payment Amount**"), which amount constitutes: (i) the Withdrawing Party Cost Basis as defined in Section 3.6(a)(ii) of the PDA; less (ii) Southern Owner's share of transfer taxes and recording fees associated with the conveyance of Southern Owner's undivided interest in the Cherokee Site under Section 1(a) above in the amount of \$11,603.02.

(b) Account Information. Duke Carolinas shall pay the Payment Amount to Southern Owner on the Effective Date by wire transfer to an account designated by

DUKE000351

Southern Owner. Duke Carolinas shall promptly provide to Southern Owner the Federal Reference Number for such wire transfer.

4. Return of Collateral. Contemporaneous with the execution and delivery of this Agreement, Duke Carolinas shall return to Southern Owner the Guaranty Agreement dated as of June 14, 2006, whereupon such Guaranty Agreement shall terminate and The Southern Company shall be released from all obligations and liabilities thereunder.

5. Release and Indemnity.

(a) Duke Carolinas hereby releases Southern Owner from all of Southern Owner's obligations under the PDA that arise from or relate to events, facts, or circumstances occurring on or after the Effective Date.

(b) Duke Carolinas shall indemnify, defend and hold harmless Southern Owner, each Affiliate of Southern Owner, and each of their respective directors, officers, managers and employees, and their respective successors and assigns, to the fullest extent permitted by Legal Requirements, from and against any and all Losses suffered or incurred by Southern Owner and such other indemnitees, whether or not such Losses are suffered or incurred directly by Southern Owner or such other indemnitee or as a result of a claim by any Person other than Southern Owner or such indemnitee, regardless of when the claim related thereto is asserted, but only to the extent arising from or related to events, facts, or circumstances occurring on or after the Effective Date and arising from or related to Southern Owner's Cherokee Interest conveyed under this Agreement, except to the extent any such Loss is caused by the willful or wanton misconduct or gross negligence of Southern Owner or any such other indemnitees.

(c) Under no circumstance shall the foregoing Sections 5(a) and 5(b) be interpreted to limit the operation of any other provision of this Agreement or the PDA.

6. Liability for Costs. Upon the execution of this Agreement, notwithstanding any provision to the contrary in this Agreement or in the PDA, except for the obligation to pay amounts pursuant to Section 2 of this Agreement, Southern Owner shall have no further liability or obligation to pay or reimburse Duke Carolinas for any Development Costs or Operation Costs (whether incurred, accrued or due but not paid), regardless of when the events, facts or circumstances giving rise to such costs occurred or when such costs were incurred.

7. No Other Warranties. **THERE ARE NO WARRANTIES UNDER THIS AGREEMENT EXCEPT TO THE EXTENT SPECIFICALLY SET FORTH HEREIN. THE PARTIES HEREBY SPECIFICALLY DISCLAIM AND EXCLUDE ALL IMPLIED WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE.**

8. Additional Documents. Each Party agrees to execute and deliver, or cause to be executed and delivered, all instruments, certificates, and documents, and to take all such other actions, as the other Party may reasonably request in order to implement and effectuate the purpose and intent of this Agreement.

DUKE000352

9. Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns; provided, however, that a Party's obligations under this Agreement shall not be transferred or assigned to any other party without the written consent of the other Party.

10. Confidentiality and Publicity. Except as required by applicable laws or agreed by the Parties in writing, each Party shall keep this Agreement and the transactions contemplated hereunder strictly confidential. Neither Party nor any of its Affiliates shall issue any press release with respect to this Agreement, Southern Owner's withdrawal from the Development of the Cherokee Facility or the transactions contemplated hereunder without first obtaining the prior consent of the other Party.

11. Headings. The section or paragraph headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

12. Applicability of PDA Provisions. The provisions of Article V and Sections 6.2, 6.5, 6.6, 6.7, 6.8, 6.11, 6.12 and 6.13 of the PDA shall be deemed to apply with respect this Agreement and are hereby incorporated by reference, *mutatis mutandis*.

13. Conflicts. To the extent that there is a conflict between the terms of this Agreement and the PDA, such conflict shall be resolved in favor of this Agreement to the extent of the inconsistency.

[The next page is the signature page.]

DUKE000353

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives to be effective as of the date first shown above.

Duke Carolinas:

DUKE ENERGY CAROLINAS, LLC

By: Henry B Barron
Name: HENRY B BARRON
Title: GROUP EXEC + CNO

Southern Owner:

CHEROKEE FALLS DEVELOPMENT OF
SOUTH CAROLINA LLC

By: A. Nicole Faulk
Name: A. Nicole Faulk
Title: President

DUKE000354

Schedule 1(a)
to
Withdrawal Agreement

Forms of Deeds

See Attached.

DUKE000355

Prepared by:
Balch & Bingham LLP
Atlanta, Georgia

After recording, please return to:

STATE OF SOUTH CAROLINA

COUNTY OF CHEROKEE

**TITLE TO REAL ESTATE
(SPECIAL WARRANTY)**

THIS INDENTURE is made this _____ day of _____, 2007, between CHEROKEE FALLS DEVELOPMENT OF SOUTH CAROLINA LLC, a Delaware limited liability company (hereinafter referred to as "**Grantor**"), and DUKE POWER COMPANY LLC, a North Carolina limited liability company (hereinafter collectively called "**Grantee**") (the words "Grantor" and "Grantee" to include their respective heirs, successors and assigns where the context requires or permits).

WITNESSETH, THAT:

GRANTOR, for and in consideration of the sum of Six Million Two Hundred Sixty-Six Thousand Four Hundred and NO/100 DOLLARS (\$6,266,400.00) and other good and valuable consideration, the receipt whereof is hereby acknowledged, has granted, bargained, sold, aliened, conveyed and confirmed, and by these presents does grant, bargain, sell, alien, convey and confirm unto said Grantee Grantor's 44.76% interest in that certain approximately 2,023.6 acre parcel or tract of land lying and being near Gaffney in Cherokee County, South Carolina, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "**Property**").

The Property is conveyed subject to any and all matters of record.

TOGETHER with all and singular the Rights, Members, Hereditaments and Appurtenances to the said Property belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said Property before mentioned, subject to any and all matters of record, unto the said Grantee, its successors and assigns, forever.

AND THE SAID GRANTOR will warrant and forever defend the right and title to the above described Property unto the said Grantee against the claims of all persons and entities owning, holding or claiming by, under or through Grantor but not otherwise.

DUKE000356

IN WITNESS WHEREOF, the said Grantor has caused the within Title to Real Estate (Special Warranty) to be executed and delivered by and through the officer hereinafter named, s/he being duly authorized, on the date first set forth above.

"GRANTOR":

Signed, sealed and delivered
in the presence of

CHEROKEE FALLS DEVELOPMENT OF
SOUTH CAROLINA LLC, a Delaware limited
liability company

Witness #1

Witness #2

By: _____
Name: _____
Title: _____ President

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2007,
by _____, _____ President of CHEROKEE FALLS
DEVELOPMENT OF SOUTH CAROLINA LLC, a Delaware limited liability company, on behalf of said
limited liability company.

Notary Public for _____

My commission expires: _____

[Notary Seal]

DUKE000357

Exhibit A

Legal Description of Property

ALL that piece, parcel or tract of land, situate, lying and being near Gaffney in Cherokee County, South Carolina, containing 2,023.6 acres, more or less, bounded on the north by lands of Duke Power Company (99 Islands Hydroelectric Project); on the east by Broad River and lands now or formerly of Howard D. Upchurch; on the south by South Carolina Road No. 13 and various owners; and on the west by lands now or formerly of J.D. Upchurch, Addie C. Hammett, Champion International Corporation, and others, as shown on a plat of survey entitled, "Duke Power Company Cherokee Property Adjacent to 99 Islands Station", dated October 4, 1985, revised December 19, 1985, recorded in the Office of the Clerk of Court for Cherokee County, South Carolina, in Plat Book 12-H, at page 7.

Excepting however the following parcels of land:

Microwave Lot: That parcel of land containing 0.92 acre, indicated on the above referenced plat of survey as "Duke Power Company Microwave Lot."

Substation Lot No. 1: That parcel of land containing 0.92 acre, indicated on the above referenced plat of survey as "Substation Lot No. 1."

Substation Lot No. 2: That parcel of land containing 0.92 acre, indicated on the above referenced plat of survey as "Substation Lot No. 2."

ALSO, LESS: 1.0 acre conveyed in Deed Book 14-N, page 296 as shown in the Office of the Clerk of Court for Cherokee County, South Carolina.

Tax Map Number(s): 179-00-00-001 and 158-00-00-010

DERIVATION: Being the property conveyed to Grantor by deed recorded in Book____, page ____ in the Office of the Clerk of Court for Cherokee County, South Carolina.

Grantee's Address:

Duke Power Company LLC
526 South Church Street
Charlotte, NC 28202

DUKE000358

Prepared by:
Balch & Bingham LLP
Atlanta, Georgia

After recording, please return to:

STATE OF SOUTH CAROLINA

TITLE TO REAL ESTATE
(QUITCLAIM)

COUNTY OF CHEROKEE

THIS INDENTURE is made this _____ day of _____, 2007, between CHEROKEE FALLS DEVELOPMENT OF SOUTH CAROLINA LLC, a Delaware limited liability company (hereinafter referred to as "*Grantor*"), and DUKE POWER COMPANY LLC, a North Carolina limited liability company (hereinafter collectively called "*Grantee*") (the words "*Grantor*" and "*Grantee*" to include their respective heirs, successors and assigns where the context requires or permits).

WITNESSETH, THAT:

GRANTOR, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, in hand paid at and before the sealing and delivery of these presents, the receipt and sufficiency whereof are hereby acknowledged, has remised, conveyed and quitclaimed and by these presents does hereby remise, convey and forever QUITCLAIM unto the said Grantee all of Grantor's right, title and interest in and to that certain tract or parcel of land lying and being near the City of Gaffney in Cherokee County, South Carolina, and being more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (hereinafter referred to as the "*Property*").

TOGETHER with all and singular the Rights, Members, Hereditaments and Appurtenances to the said Property belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said Property before mentioned unto the said Grantee, its successors and assigns, forever.

DUKE000359

IN WITNESS WHEREOF, Grantor has caused the within Title to Real Estate (Quitclaim) to be executed and delivered on the date first set forth above.

"GRANTOR":

Signed, sealed and delivered
in the presence of

CHEROKEE FALLS DEVELOPMENT OF
SOUTH CAROLINA LLC,
a Delaware limited liability company

Witness #1

Witness #2

By: _____
Name: _____
Title: President

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2007, by _____, _____ President of CHEROKEE FALLS DEVELOPMENT OF SOUTH CAROLINA LLC, a Delaware limited liability company, on behalf of said limited liability company.

Notary Public for _____

My commission expires: _____

[Notary Seal]

DUKE000360

Exhibit A

Legal Description of Property

All that piece, parcel or tract of land, situate, lying and being near the City of Gaffney in Cherokee County, South Carolina, containing 2004.577 acres, more or less, as shown on that survey prepared for Cherokee Falls Development of South Carolina LLC, Mark V Land & Development, LLC and Chicago Title Insurance Company, prepared by Concord Engineering & Surveying, Inc., dated July 15, 2005 and recorded in the Office of the Clerk of Court for Cherokee County, South Carolina, in Plat Book C-132, Pages 5-8. Together with all of Grantor's right, title and interest in and to the land lying between the boundary of the land described herein and the Broad River, wherever said waters may be located.

Tax Map Number(s): 179-00-00-001 and 158-00-00-010

DERIVATION: Being the property conveyed to Grantor by deed recorded in Book____, page ____ in the Office of the Clerk of Court for Cherokee County, South Carolina.

Grantee's Address:

Duke Power Company LLC
526 South Church Street
Charlotte, NC 28202

DUKE000361